



ENERGY ASSURANCE DAILY

Wednesday Evening, June 20, 2012

Major Developments

Enbridge Shuts 345,000 b/d Athabasca Pipeline after Spill at Its Elk Point Oil Pumping Station in Alberta June 18

Enbridge Inc. confirmed in a press release yesterday that the failure of a flange gasket at its Elk Point oil pumping station on its Athabasca Pipeline in Alberta caused approximately 1,400 barrels of oil to spill on June 18. Upon discovering the leak, Enbridge immediately shut the line. After isolating and shutting the pumping station, operators restarted the line on June 18. The Energy Resources Conservation Board (ERCB) ordered Enbridge to shut the line again on June 19 while the incident is under investigation. Enbridge is in discussions with the ERCB to determine the appropriate time to restart the line. A company spokesman said Enbridge expects to restart the line within days. The 540-km (335-mile) line carries oil to Hardisty, Alberta, from the tar sands center of Fort McMurray. Hardisty is a major pipeline hub from which crude gets fed into networks of export lines to the United States, such as Enbridge's mainline and TransCanada Corp's Keystone Pipeline.

<http://www.enbridge.com/MediaCentre/News.aspx?yearTab=en2012&id=1630491>

<http://www.reuters.com/article/2012/06/20/enbridge-spill-idUSL1E8HJLJ420120620?type=companyNews&feedType=RSS&feedName=companyNews&rpc=43>

Electricity

Update: Entergy's 813 MW FitzPatrick Nuclear Unit in New York Reduced to 50 Percent by June 20

Entergy Corp. manually powered down its FitzPatrick nuclear unit to 50 percent power Tuesday to allow workers to perform repairs, a spokeswoman said. Workers were installing a plug to stop lake water intrusion, to maintain the purity of water used to make steam in the plant, the spokeswoman said.

Reuters, 09:38 June 20, 2012

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/>

Update: FirstEnergy's 1,235 MW Perry Nuclear Unit 1 in Ohio Ramped Up to 57 Percent by June 20

On the morning of June 19 the unit was operating at 23 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2012/>

Update: PG&E's 407 MW Helms Hydro Unit 1 in California Returns to Service by June 19

The unit returned from an unplanned outage.

<http://content.aiso.com/unitstatus/data/unitstatus201206191515.html>

Update: El Paso Electric and SunEdison Inaugurate 12 MW Las Cruces Centennial Solar Farm in New Mexico

<http://finance.yahoo.com/news/el-paso-electric-sunedison-inaugurate-170000196.html>

Update: Entergy, Union Workers at Pilgrim Nuclear Power Plant in Massachusetts Reach Tentative 4-Year Contract Deal

The Utility Workers Union of America Local 369 on Tuesday announced it has reached a tentative contract agreement with Entergy Corp. for labor terms at the Pilgrim Nuclear Power Station in Plymouth. Union members are scheduled to vote on the proposal today. Earlier this month, Entergy locked out union workers and implemented a contingency staffing plan at the plant after it failed to reach agreement for a new contract.

<http://finance.yahoo.com/news/entergy-nuclear-plant-union-reach-161450020.html>

Regional Grid Operators Ready for U.S. Northeast Heat Wave June 20–21

As a heat wave bears down on the U.S. Mid-Atlantic and Northeast this week, electrical grid operators said they have adequate power resources to meet the forecast surge in demand in New York, New England, and the 13 states served by PJM Interconnection. The New York Power Authority (NYPA) activated for the first time in 2012 its demand-response Peak Reduction program, which involves commitments by the City of New York and other NYPA governmental customers to lower electricity use at more than 80 locations in the 5 boroughs. PJM and ISO New England both issued a hot weather alert for June 20–21 that tells generators and transmission owners to delay unnecessary maintenance on their plants and power lines until after the heat wave passes.

Reuters, 12:22 June 20, 2012

<http://www.nypa.gov/NYPAPressCenter/NRAAllDisplay.aspx>

Update: PPL to Start Pre-Construction Activities on Its 500-kV Susquehanna-Roseland Transmission Line in Pennsylvania and New Jersey

PPL Electric Utilities on Wednesday said pre-construction activities for the Susquehanna-Roseland regional power line project will begin in the Scranton area in mid-July, with line construction expected to start later this year. The line is expected to be in service in time to meet peak summer electricity demand in 2015. The Susquehanna-Roseland line will run from Berwick, Pennsylvania, to Roseland, New Jersey. The independent regional power grid operator, PJM Interconnection, ordered the new line to prevent overloads on other power lines.

<http://pplweb.mediaroom.com/index.php?s=12270&item=129743>

Petroleum

Update: Motiva's 325,000 CDU at Its 600,000 b/d Port Arthur, Texas Refinery Could Remain Idled for 1 Year Due to Extensive Corrosion – Sources

The newly commissioned 325,000 b/d crude distillation unit (CDU) at Motiva Enterprise's Port Arthur refinery may be shut for up to a year—more than twice as long as initially expected—because of extensive corrosion, sources familiar with refinery operations said on Tuesday. Operators shut the CDU after a fire on June 9, just 9 days after it was officially commissioned. While the fire damage was negligible, operators have discovered extensive corrosion in the CDU's vessels and piping, the sources said. The cause of the corrosion and the scope of the work needed to repair it are still unclear. A Motiva spokeswoman said only that an investigation is ongoing and the company does not know how long the crude unit will be down.

<http://in.reuters.com/article/2012/06/20/refinery-operations-motiva-portarthur-idINL1E8HJDJV20120620>

Chevron Seeks Priority Access to Limited Capacity on 300,000 b/d Trans Mountain Pipeline to Boost Supplies for Its 55,000 b/d Burnaby, British Columbia Refinery

Chevron Corp. on Tuesday applied to Canada's National Energy Board seeking priority access to capacity on Kinder Morgan's 300,000 b/d Trans Mountain pipeline, which ships crude oil from Alberta to Canada's West Coast, in an attempt to boost crude supplies for its 55,000 b/d Burnaby refinery near Vancouver. The Trans Mountain pipeline has been solidly overbooked since late 2010, and since last October, Chevron has received monthly crude volumes of between 29,500–35,000 b/d. Crude traders expect the board to grant the request because the refinery supplies nearly a third of the gasoline in British Columbia. In an attempt to increase crude deliveries to the West Coast, Chevron has been investing in more deliveries by truck and by rail, and Kinder Morgan has proposed an expansion that would more than double the capacity of the Trans Mountain pipeline by 2017.

<http://finance.yahoo.com/news/chevron-seeks-priority-pipeline-access-225650100.html>

Update: BP Says a Ruptured Pipe in the Crude Distillation Tower Caused Mid-February Fire at Its 225,000 b/d Cherry Point, Washington Refinery

BP Plc has released new details about the cause of the fire last February that forced operators to shut the Cherry Point refinery for nearly 3 months. According to a spokesman, the fire was caused when a corroded 6-inch pipe in the crude distillation tower ruptured, exposing pressurized fuel to oxygen, which caused the fuel to ignite. BP has increased its monitoring of similar pipes at the refinery to ensure any corrosion is discovered before the pipes rupture and cause another fire, the spokesman said.

<http://kgmi.com/BP-Spokesman-Fire-Caused-By-Ruptured-Pipe/13499749>

Update: Enbridge, Enterprise Say Seaway Crude Oil Pipeline Expansion Is on Track for 2013

Enbridge Inc. and Enterprise Products Partners, LP on Tuesday said they were on schedule to ramp up volumes on the recently reversed Seaway pipeline to full capacity sometime during the first quarter of 2013. The pipeline delivers crude oil from the Cushing, Oklahoma hub to refineries along the Texas Gulf Coast. Current capacity is 150,000 b/d; work on pump stations is underway and on schedule to add incremental pumping capacity that would allow the pipeline to transport up to 400,000 b/d. Enterprise and Enbridge are also constructing a 30-inch twin line along the route of the Seaway pipeline that will add 450,000 b/d of capacity to the existing system by mid-2014. DJN, 12:10 June 19, 2012

Crude Unit Upset Leads to Flaring at Western Refining's 122,000 b/d El Paso, Texas Refinery June 20

Western Refining reported a north crude unit upset at its El Paso refinery Wednesday morning, according to a filing with the Texas Commission on Environmental Quality. Operators stabilized the unit and flaring from the north main flare ceased, the filing said.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169970>

Unspecified Instrument Failure Leads to Flaring at Citgo's 167,000 b/d Lemont, Illinois Refinery June 19

Citgo Petroleum Corp. reported flaring due to instrumentation failure at its Lemont, Illinois refinery Tuesday morning, according to a filing with the U.S. National Response Center. The equipment failure was corrected and the flaring secured, the filing said.

http://www.nrc.uscg.mil/reports/rwservlet?standard_web+inc_seq=1015015

Natural Gas

Refrigerant Turbine Shutdown Leads to Flaring at ExxonMobil's 925 MMcf/d King Ranch Gas Plant in Texas June 18

ExxonMobil reported a refrigerant turbine shut down when refrigerant chiller levels deviated for unspecified reasons at its King Ranch gas plant Monday evening, according to a filing with the Texas Commission on Environmental Quality. This ultimately led to flaring and forced operators to shut in inlet gas until they could correct the problem.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169935>

Regency Reports AGI Compressor Shutdowns at Its 290 MMcf/d Waha Gas Plant in Texas June 17-18

Regency Energy Partners reported that source natural gas with excess carbon dioxide (CO₂) caused an acid gas injector (AGI) compressor at its Waha gas plant to shut down on a fifth-stage over-pressure alarm six times in a 24-hour period from June 17-18, according to a filing with state regulators. When the unit shut, acid gas was routed to the flare. Operators were trying to determine the source of the CO₂ at the time of the filing. Regency asked other producers to reduce their flow of supply to the plant in the meantime. Regency also reported a loss of power from a third-party provider caused the amine system and AGI compressor to go down on Monday.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169892>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169902>

Southern Union Reports Flaring at Its 140 MMcf/d Keystone Gas Plant in Texas June 18

Southern Union Gas Services reported Engine No. 23 went down due to third-stage high discharge pressure at its Keystone gas plant Monday night, which led to flaring, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=169931>

Other News

Valero Temporarily Idles 110 MMGal/Yr. Ethanol Plant in Albion, Nebraska Due to Poor Economics; Expects to Resume Operations before Autumn Harvest

Valero Energy Corp. on Tuesday said it was immediately idling its 110 MMGal/Yr. ethanol plant in Albion, Nebraska due to poor margins, according to a spokesman. Diminishing corn supplies and lackluster gasoline demand are cutting profit margins in the industry. Valero expects to resume operations again before the autumn corn harvest, when prices should start to ease and supplies become more plentiful, the spokesman said. The announcement comes less than a week after Nedak Ethanol LLC said it would temporarily shutter its 44 MMGal/Yr. ethanol plant in Atkinson, Nebraska to conduct its regular spring maintenance and to monitor the corn and ethanol markets.

<http://www.reuters.com/article/2012/06/19/valero-ethanol-shutdown-idUSL1E8HJGCJ20120619>

<http://www.cnbc.com/id/47836039>

EPA Approves First Companies' Misfueling Mitigation Plans to Allow E15 Gasoline to Come to Market

The U.S. Environmental Protection Agency (EPA) on Friday approved the first companies' plans for bringing gasoline containing 15 percent volume ethanol (E15) to market. Under partial waivers granted by the EPA in 2010 and 2011, E15 may be lawfully sold by a fuel or fuel additive manufacturer only after the manufacturer has registered E15 and met the conditions of the waivers, which include a misfueling mitigation plan (MMP) for minimizing the potential for E15 to be used in vehicles and engines not covered by the partial waivers. With EPA's June 15 approval of a number of companies' MMPs, EPA has acted on each of the Clean Air Act steps required to bring E15 to market. Some companies have now met all of the Clean Air Act requirements related to E15 and may lawfully introduce E15 into the marketplace.

<http://www.epa.gov/otaq/regs/fuels/additive/e15/>

<http://www.epa.gov/otaq/regs/fuels/additive/e15/e15-mmp.htm>

NAESB Reconsidering Digital Certificate Standards to Reflect Technological Standards, Protect Access to Power-Plant Control Systems

The North American Energy Standards Board's (NAESB) Critical Infrastructure Committee recently held a committee vote to decide whether to reduce the expiration period on the digital certificates it authorizes. Digital certificates are documents that use a cryptographic signature for authentication. NAESB claims digital signatures that protect access to power-plant control systems are highly insecure because not enough is being done to verify identities. Reducing the current 30-year expiration period on digital certificates could make those systems more secure.

Although the NAESB is an industry organization, the federal government often adopts its standards as regulations. The U.S. Federal Energy Regulatory Commission (FERC) adopted the group's 2008 digital signature standard, and it requires the standards be applied to any public utility that operates facilities used for the transmission of electric energy, any public utility that sells electric energy at wholesale prices, and some non-public utilities as well.

http://news.cnet.com/8301-1009_3-57452863-83/disaster-awaits-u.s-power-grid-as-cybersecurity-lags/

International News

Update: Iraq Asks Obama to Stop ExxonMobil from Pursuing Exploration Deal with Kurdistan Regional Government

The White House on Tuesday confirmed that President Obama received a request from Iraqi Prime Minister Nuri al-Maliki to intervene to stop ExxonMobil from proceeding with an exploration deal the company signed with the Kurdistan Regional Government. Prime Minister al-Maliki warned that the deal, which Iraq's central government has deemed illegal, would have dire consequences for Iraq's stability, according to a White House aide. Obama has not yet responded to the request.

<http://finance.yahoo.com/news/no-obama-response-yet-iraq-191930241.html>

Update: Chevron Completes Drilling Relief Well, Seals and Abandons Funiwa 1 Natural Gas Well Offshore Nigeria

Chevron Corporation said that its subsidiary, Chevron Nigeria Limited (CNL), has sealed and abandoned the shallow water Funiwa 1A natural gas well after completing the drilling of a relief well. Production at the North Apoi field, which had been shut in as a precaution, has also been restored and the field is now producing approximately 2,000 b/d of oil.

www.chevron.com/ksendeavor/

http://www.chevron.com/chevron/pressreleases/article/06182012_chevroncompletesdrillingofreliefwelloffshorenigeria.news

Two Oil Pipelines Attacked near Homs, Syria June 19 – Human Rights Watchdog

<http://www.aysor.am/en/news/2012/06/19/syria-homs-terror/>

Energy Prices

U.S. Oil and Gas Prices			
June 20, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	82.25	82.99	92.90
NATURAL GAS Henry Hub \$/Million Btu	2.60	2.17	4.39

Source: Reuters

Links

This Week in Petroleum from the U.S. Energy Information Administration (EIA)

<http://www.eia.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM and 1:00 PM Eastern Time every Wednesday.

Natural Gas Weekly Update from EIA

<http://www.eia.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM Eastern Time every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/ead.aspx>

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